

Maryland Water Quality Financing Administration ("MWQFA")LOAN PROCEEDS QUESTIONNAIRE AND CERTIFICATE: NEW MONEY

This Loan Proceeds Questionnaire and Certificate: New Money (the "New Money Questionnaire") should **ONLY** be completed for that portion of a loan from MWQFA (the "Loan"), which will be applied to disbursements for an ongoing project. For any portion of the Loan to be applied to refinance "governmental obligations" (defined herein), please complete a Loan Proceeds Questionnaire and Certificate: Refunding.

For the purposes of this Questionnaire, a "governmental obligation" consists of any agreement of a "governmental unit" or an entity acting on behalf of a "governmental unit" to pay principal and interest to another party under a bond, note, installment sale, lease purchase or other arrangement that is indebtedness under general Federal income tax principles.

Applicant inquiries regarding the completion of this document may be directed to bond counsel to MWQFA as indicated below:

☐ McKennon Shelton & Henn, LLP
401 East Pratt Street, Suite 2315
Baltimore, Maryland 21202
Attention: William L. Henn, Jr.
Phone: 410-843-3500
Fax: 410-843-3501

or

☐ Ballard Spahr Andrews & Ingersoll, LLP
601 13th Street, N.W., Suite 1000 South
Washington, DC 20005-3807
Attention: Frederic L. Ballard, Jr.
Phone: 202-661-2210
Fax: 202-661-2299

1. Name of applicant (the “Applicant”):

2. (a) Please provide the name(s) of the owner(s) of the project.

- (b) Please provide the name(s) of the operator(s) of the project.

3. Will any Loan proceeds be used directly or indirectly by, or be used to finance property used by, any person or entity other than a “governmental unit”? (For purposes of this document, property should be considered used by any person or entity if such person or entity owns, leases, occupies, manages or in any other way uses or receives benefits from the property, or any portion thereof, including use by way of a preferential right to use the capacity or output of the property or pursuant to a take-or-pay agreement with respect to output or usage, other than use on the same basis with the general public. For the purposes of this document, a “governmental unit” includes a state, the District of Columbia, and any political subdivision of a state or the District of Columbia, including municipalities. The Federal government and any agency or instrumentality thereof is not to be considered a “governmental unit”.)

Yes _____ No _____

If yes, please state the amount of Loan proceeds, which will be used by, or used to finance property used by, any person or entity other than a “governmental unit”, and describe the nature of such use.

4. (a) Will any Loan proceeds be used to reimburse the Applicant for costs of any project (including preliminary architectural or engineering costs, land acquisition costs, construction costs, and other similar costs) that were paid prior to the date of funding of the Loan?

Yes _____ No _____

If yes, please provide for each such project a copy of Applicant's “official intent” (as defined in Section 1.150-2 of the Income Tax Regulations). Applicant should also contact its bond counsel to review whether all these expenditures can be reimbursed with proceeds of the Loan.

- (b) The Applicant represents that (i) any expenditures submitted for reimbursement that have been paid before the date of initial funding of the Loan are or will be described in the “official intent(s)” described in (a) above; (ii) as of the date each such “official intent” was taken, such “official intent” was consistent with the Applicant's budgetary and financial circumstances and the Applicant reasonably expected to reimburse the expenditures relating thereto with the proceeds of a borrowing; (iii) none of the projects with respect to which such expenditures were paid was placed in service more than eighteen months prior to the date of funding of the Loan; (iv) none of the expenditures was made more than three years prior to the date of initial funding of the Loan; and (v) all of such expenditures constitute capital expenditures (determined under Federal income tax principles).
5. (a) Will the Applicant or other entity levy or charge assessments, hook-up charges or other similar use or connection charges with respect to use of any project or any system of which the project is a component? For example, in the context of a wastewater facility or landfill, are users being charged for use of the system or tipping fees, respectively?
- Yes ____ No ____
- (b) If yes, are all such assessments or charges mandatory and of general application and applied on a substantially uniform basis to similarly situated users of each such project or system?
- Yes ____ No ____
- If no, please describe assessment or charge arrangements for each such project or system.

6. Other than assessments or charges described in Question 5, will there be any direct or indirect payments to the Applicant or any other entity with respect to the use of Loan proceeds, or the use of Loan-financed property, by any person or entity other than a “governmental unit”? (Use of property and “governmental unit” should be construed in the same manner as in Question 3.) Payments to the Applicant or any other entity may take the form, for example, of loan repayments, rental payments or payments for use of services (other than use on an equal basis with the general public), which could include (by way of illustration), payments for the use or reservation of the processing or transmission capacity of any project, or payments for the indirect use of any project.

Yes ____ No ____

If yes, please describe the payments for each such project.

7. Will any Loan proceeds be used, directly or indirectly, to make or finance loans (other than indirect loans arising as described in Question 6)? (A loan may arise from the direct lending of Loan proceeds or from transactions that are the economic equivalent of a loan.)

Yes ____ No ____

If yes, please indicate the amount of Loan proceeds that will be used to make or finance loans, and describe the purposes and recipients of the loans. In particular, please state whether Loan proceeds will be used to make or finance loans to a “governmental unit”.

8. Are any Loan proceeds being used to provide temporary financing for costs of any project in anticipation of the receipt of other moneys (e.g., a state or federal grant) that Applicant expects to receive for that project?

Yes ____ No ____

If yes, please describe this arrangement for each such project.

9. (a) Will each project to be financed “commence” on or before the date of funding of the Loan? “Commence” means the incurrence of a binding obligation to a third party for some part of a project, such as, for example, architectural or engineering services, site development, construction materials, or the purchase of equipment for a project in an amount equal to 5% (five percent) of the proceeds of the Loan. For the purposes of the foregoing, an obligation is not binding if it is subject to contingencies within the control of the Applicant or a related person.

Yes ____ No ____

If no, please state the anticipated commencement date for each such project.

In order for the funding of the Loan to occur, the Applicant must either have incurred, paid and be seeking reimbursement (as described in Question 4 above) for costs of the projects or have currently payable invoices for costs of the projects or refinancing advances totalling in excess of the lesser of 5% of the Loan amount or \$50,000 (the “Minimum Amount”). As of what date will the Minimum Amount be able to be advanced?

- (b) Will the Applicant apply at least 85% of the proceeds of the Loan to costs of the projects before the third anniversary of the date of funding of the Loan?

Yes ____ No ____

If not, please state the anticipated date by which 85% of the Loan will have been applied to costs of the projects.

- (c) Will the acquisition or construction of each project proceed with due diligence to completion?

Yes ____ No ____

10. Are there any funds, accounts, moneys, securities or other property pledged or otherwise made available for the security of the Loan (other than the projects) that would be reasonably expected to be available to pay debt service on the Loan even if the Applicant encountered financial difficulties?

Yes _____ No _____

If yes, please describe this arrangement.

11. (a) Are there any sinking fund, debt service fund or other similar accounts or funds from which the Applicant reasonably expects to pay debt service on the Loan?

Yes _____ No _____

If yes, please describe this arrangement.

- (b) Is Applicant required to maintain these funds for such purpose unless MWQFA (or other holder of the Loan) consented to the elimination or other modification of this arrangement?

Yes _____ No _____

If yes, please describe.

12. Will any of the Loan proceeds be used to replace any proceeds of an earlier issue of governmental obligations which were not expended on a project where the earlier issue of obligations was issued to finance the same project?

Yes _____ No _____

If yes, please describe the earlier financing and the circumstances regarding the utilization of proceeds of this financing.

13. (a) The Applicant hereby represents and agrees that, in connection with the Applicant's Loan, it will not invest proceeds of such Loan at a yield materially higher than the yield on the Loan as a part of a "minor portion", as defined in Section 148(e) of the Internal Revenue Code of 1986, as amended (the "Code") (i.e., the Applicant will not utilize its general right under Section 148(e) of the Code to invest the lesser of 5% of the proceeds of the Loan or \$100,000 at a yield in excess of the yield on the Loan).
- (b) The Applicant further represents and agrees that, in connection with Applicant's Loan, it will not apply proceeds of the Loan to reimburse expenditures for which Applicant did not take "official intent" and that do not constitute "preliminary expenditures" (i.e., the Applicant will not utilize its right under Section 1.150-2(f)(1) of the Income Tax Regulations to apply up to the lesser of 5% of the proceeds of the Loan or \$100,000 to reimbursement for expenditures not covered by an "official intent" and that are not "preliminary expenditures", as such terms are used in Section 1.150-2 of the Income Tax Regulations).
14. The undersigned is authorized to execute and deliver this document on behalf of the Applicant. Further information regarding the Applicant's responses may be obtained from the following Applicant contact person(s):

Name	_____
Title	_____
Address	_____

Telephone	_____
Facsimile	_____

15. The Applicant acknowledges that this document will be relied upon by MWQFA and co-bond counsel to MWQFA in connection with the issuance and general public sale and distribution of MWQFA tax-exempt bonds, and that the Applicant has a continuing obligation to update promptly the information and representations contained herein both on the date of funding of the Loan and through and until the allocation of the Loan to MWQFA Revolving Loan Fund Revenue Bonds.
16. The Applicant acknowledges that any variation from the representations made herein occurring after the date described in Question 15 shall be subject (without limitation) to the Applicant's covenants set forth in the Loan Agreement between the Applicant and MWQFA. Moreover, without limiting the foregoing, the Applicant specifically acknowledges a continuing obligation to update any changes to the representations set forth in Questions 4(b), 9(a), 10 and 11.

Name of Applicant: _____

By: _____

Signature

Name

Title or Office

Date